

Message Text

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PAGE 01 CARACA 11029 231251Z

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E.O. 11652: N/A

TAGS: BEXP, ETRN, VE

SUBJ: VENEZUELAN RAILROAD DEVELOPMENT PLANS

1. IN INTERVIEW WITH ING. ROBERTO AGOSTINI, PRESIDENT, FERROCARRILES NACIONALES, EMBASSY OFFICERS ASCERTAINED FOLLOWING DETAILS OF VENEZUELAN RAILROADS DEVELOPMENT PLANS: PRESIDENT PEREZ HAS APPROVED PROPOSED LEGISLATION TO BE SUBMITTED TO CONGRESS THIS MONTH FOR THEIR APPROVAL OF A ONE-BILLION DOLLAR RAILROAD DEVELOPMENT PROGRAM. DETAILS OF THE PROGRAM ARE CONTAINED IN REFTEL CARACAS 9602.

2. OF IMMEDIATE INTEREST IS GOV DECISION THAT DEVELOPMENT OF NEW RAILROAD LINES WILL BE VIA TURNKEY CONTRACTS WITH A CONSORTIUM OF COMPANIES COMING FROM A SINGLE COUNTRY. CONSORTIUM AWARDED CONTRACT WILL BE EXPECTED TO BUILD, EQUIP, AND OPERATE RAILROAD FOR AT LEAST A TWO-YEAR PERIOD. OPERATING PERIOD WILL INCLUDE EXTENSIVE TRAINING FOR VENEZUELAN NATIONALS FOR EVENTUAL OPERATION OF ENTIRE SYSTEM.

3. FIRST STAGE OF PROJECT INCLUDES CONSTRUCTION OF SOME 700 KMS. OF RAILROAD LINES, INCLUDING A MAJOR BRIDGE OVER THE ORINOCO RIVER. IN ORDER TO PROVIDE FOR STANDARDIZATION, CONSORTIUM AWARDED FIRST STAGE OF PROJECT WILL ALSO BE AWARDED CONTRACT FOR EQUIPPING ADDITIONAL 800 KMS. TO BE BUILD DURING NEXT FIFTEEN YEARS.

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PAGE 02 CARACA 11029 231251Z

4. CONTRACTOR SELECTED FOR TURNKEY OPERATION WILL BE EXPECTED

TO ESTABLISH RAILROAD CAR MANUFACTURING PLANT IN VENEZUELA
TO PRODUCE 25,000 TO 30,000 CARS NEEDED TO EQUIP ENTIRE NEW
LINES.

5. DR. AGOSTINI STATED THAT PREQUALIFICATION REQUIREMENTS
AND REGISTRATION DOCUMENTS FOR PROSPECTIVE BIDDERS WILL BE
DISTRIBUTED TO EMBASSIES WHICH HAVE EXPRESSED INTEREST IN PROJECT
DURING MONTH OF DECEMBER. EMBASSIES IN ADDITION TO OURS,
WHICH HAVE EXPRESSED INTEREST AS FAR ARE:
GREAT BRITAIN, ROMANIA, INDIA, FRANCE, ITALY, SPAIN,
GERMANY, AND CANADA. AGOSTINI ALSO INDICATED THAT HE HAD
ALREADY BEEN VISITED BY A CONSORTIUM FROM SOME OF THESE
COUNTRIES AS WELL AS FROM VARIOUS FINANCIAL INSTITUTIONS
INTERESTED IN PARTICIPATION. SPECIFICALLY HE MENTIONED
ROTHCHILD, ROYAL BANK OF CANADA, DEUSCHT BANK, AND A SWISS
CONSORTIA.

6. REQUEST COMMERCE DISSEMINATE THIS INFORMATION BROADLY
IN ORDER TO GIVE US FIRMS TIME TO CONSIDER MEETING PRE-
QUALIFICATION CONDITIONS WHEN THESE ARE RECEIVED IN DECEMBER.
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